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G20 Digest

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Time for Proactive Steps by G20 towards Emerging Multilateral Challenges

While the impatience for saving the world from further loss of lives and incomes due to COVID-19 pandemic is growing worldwide, the urgency for mobilising voices for addressing several emerging multilateral challenges such as climate change, enhancing access and mitigating health hazards, digital divide, social exclusion, reviving rule-based global trading system, avoiding competitive fiscal and monetary policies, etc is equally gaining traction. The world has moved a long way from the old-fashioned puzzle of market versus state; perhaps more vehemently in the past two decades. While 'competition' among economic agents is viewed as a virtue and a building block for promoting market economy, it sounds unethical for development economics characterized by the capability approach on the grounds of potential inability of weaker economic agents in participating and benefitting from the market economy. Alternatively, it entails that individuals with lower access to education and health would perhaps stay out of the mainstream as competition eliminates the non-performers in the process. On the other hand, injecting right skills, preparing institutions and revamping public policy support in target sectors could alleviate the inherent disparity in access and empower people in the long-run. G20, being a leading platform for airing dominant views on global governance, has been covering a whole range of issues such trade, investment, industrialization, financial stability, infrastructure finance, poverty alleviation, in the past 20 years from the prism of the above mentioned paradigms.

In view of the complementary and contrasting positions on the various facets of the issues mentioned above, this issue of G20 Digest focuses on three articles and two short notes as perspectives. First article by Kirton is an assessment of G20 agenda evolving over the years that highlights the areas that continued to assume overemphasis whereas new challenges like health, digitalization and climate change are high-sounding but low-key focus areas. The article further underscores the vital role that the Indonesian and Indian presidencies would play in 2022 and 2023 respectively. Likewise, in an interesting article, Hollis and Pogge introduce the novelty of the idea of Health Impact Fund and how it incentivizes the new pharmaceuticals for yielding strong health impacts. Besides innovations to find solutions to the neglected diseases, the new pharmaceuticals would find the way for reducing disease incidence and ensure universal access to products. Lastly the article by Peter draws attention to the fact that since the global financial crisis industrial policy has made a comeback, pushing back competition policy. Regulatory forbearance during crises like the current pandemic, though justified, may become sticky, creating ground for cross-border cartels to form and thrive. Competition policy has been figuring prominently in Regional Trade Agreements though multilateral discussions on the issue did not make headway. Competition policy deserves to find place in the G20 discussions more prominently.

Two short notes on agriculture and multilateral trade add to the richness of the debate in the context of G20. Further to the coverage of issues in the past editions of the Digest, this edition would hopefully ignite the minds and promote informed debate on important fields of G20.

Enjoy reading it.

Priyadarshi Dash

Research Article

G20 Economic Policy Performance and Prospects

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John Kirton*

Abstract: When India hosts the G20 in 2023, today's profound challenges for the global economy and G20 governance will remain, in macroeconomic policy, development, health, digitalization and, above all, climate change. Since 2008 the G20 summit has coped with most such challenges separately. It has done so well in its foundational focus on finance, economics and development, but not in its newer concerns with health, digitalization and climate change. Nor has it mobilized the needed synergies among them, even in 2020 when COVID-19 made health and the economy its central concerns. Italy as host in 2021, with its priorities of people, planet and prosperity, plans to make such links. Indonesia's presidency in 2022 promises to add digitalization and an Asian touch. But it will be largely left to India's G20 presidency in 2023 to forge the full synergies between a healthy people and planet on which sustainable prosperity depends.

Introduction

When India hosts the G20 in 2023, today's profound challenges for the global economy and for its governance by the G20 will still be there in full force (Larionova and Kirton 2020; Pinaud 2020). They will be joined by others that can no longer be sidelined or delayed.

Even if COVID-19's latest wave has peaked and new ones or other pandemics have not yet arrived, effective vaccines, primary health care and universal health coverage must still be delivered to many of the world's poor people who are hard to reach (Kirton 2019).

Even if the current, unprecedentedly deep, COVID-19–created recession is over, and recovery, rebuilding and structural reform are well advanced, the legacy of the 2020 plunge into poverty and job loss will remain. Lingering for longer will be scarring effects for youth, women and the poor in the labour force and education, as they confront the digital transformation that COVID-19 suddenly accelerated with full force.

The global economy will also be awash with the unprecedented burden of fiscal consolidation, tax increases, debt repayments and defaults, inadequate development finance and rising inflation,

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interest rates and financial shocks (Dash 2020; Portanskiy, Sudakova and Larionov 2020).

The world will also need to reverse the major damage COVID-19 has done to progress toward the 2030 Agenda's Sustainable Development Goals (SDGs), as the halfway point to reach them arrives in 2023 (Steiner 2020).

Above all, compounding catastrophic climate change will have reached and surpassed critical ecological limits that the currently envisaged "green new deals" and flawed Paris Agreement regime cannot save the most severely afflicted people from. It has already become central to fiscal policy, led by the European Union's Green New Deal and similar ones from other major G20 members, including the United States, should its Congress agree. Moreover, the world's leading central bankers, including the U.S. Federal Reserve, have affirmed through their membership in the Network for Greening the Financial System, that climate change is an integral part of monetary policy too (Arnold 2020).

Since its start in 2008, the G20 summit has coped with most of such challenges separately and sometimes done so well. It did best, with its foundational focus on finance and economics, in responding to the global and European financial crises from 2008 to 2012 and preventing other ones from erupting from 2013 to 2019. It managed the debt default of Argentina when that country hosted the G20's Buenos Aires Summit in 2018. Since 2008, it slowly nurtured an economic recovery that produced growth and jobs, eventually exceeding the number that was there before the 2008 global financial crisis struck. It similarly contributed to development, especially at Seoul in November 2010, St. Petersburg in 2013, Hangzhou in September 2016 and Hamburg in July 2017.

It did less well on its expanding agenda after 2013 (Kirton 2020a, b). On health, it first focused on the deadly Ebola outbreak in 2014, and embraced chronic diseases later on. On the digital economy, it started in 2015, increasing its attention and impact since. On climate change, since its 2008 start through to the Riyadh Summit in November 2020, the G20 failed to come close to constraining the relentlessly rising greenhouse gas concentrations and the soon un-survivable global warming they create (Solikova 2020).

Above all, the G20 has failed to govern these separate subjects synergistically, to produce big and bold solutions that benefit all at once (Kirton and Warren 2020a, b). Its siloed approach continued in 2020, even as COVID-19 thrust health and the economy to the centre of its action at its first emergency summit on March 26 and its regular Riyadh Summit on November 21–22. Italy as host in 2021 plans to do better, with its focus on people, planet and prosperity. Indonesia as host in 2022 indicates it will continue these priorities, adding digitalisation and an Asian touch, but will largely focus on individual economic initiatives. It will thus be left to India, with its major power and potential, to create the synergies that will make a healthy people and planet the integrated foundation for prosperity and G20 success in 2023.

G20 Governance, 2008 to 2019

The G20 was created in 1999 at the level of finance ministers and central bank governors with the dual distinctive foundational mission of promoting financial stability and making globalisation work for all. From this focus on economics and development, it has governed well at the summit level since the start in 2008 through 2019.

On economics and finance, it responded rapidly and successfully to the American-turned-global financial crisis from 2008 to 2009 and then prevented the regional European financial crisis from going global from 2010 to 2012 (Kirton 2013; Drezner 2015; Triggs 2018). It next prevented even a regional financial crisis from erupting from 2013 to 2019. With and through the International Monetary Fund (IMF), which has been a full G20 participant from the start and whose executive board is controlled by the G20 members, the G20 coped with the debt default of Argentina, by providing it with an unprecedented $57 billion in financial support in September 2018, just before it hosted the G20 summit in Buenos Aires on November 30 and December 1.

This successful governance was reflected in the G20's performance on the major dimensions of its work (see Appendix A). On macroeconomic policy, where its 476 commitments led all other subjects, its attention peaked at 42 per cent of its concluding communiqués in 2013 (Filipiuk 2020). Members quickly complied with their priority macroeconomic commitments at a high level of 80 per cent. Its performance on financial regulation was similarly strong, with compliance at 80 per cent (Nikolaeva 2019).

On development, in its first 14 summits, G20 attention in its communiqués averaged 27 per cent, to rank second after macroeconomic policy (Hallink 2019). Its 295 development commitments ranked third among all subjects, following the 350 on financial regulation, but surpassed them to take second place in at Hamburg in 2017 and at Osaka in 2019. However, compliance averaged only 69 per cent (Dobson 2020).

On health the G20's contribution was late and light (Byrd 2020). After marginal attention since 2008, it soared to devote 8.4 per cent of its communiqué to health at Brisbane in 2014. It made a second, rather prescient spike to 14 per cent at Osaka in late June 2019, six months before COVID-19 erupted in China next door. The G20 made 75 health commitments, starting in 2014, with 14 at Osaka, including one to improve public health preparedness and response through the World Health Organization (WHO). Yet compliance since 2014 was only 69 per cent.

On the digital economy, the G20's contribution came even later (Kirton and Warren 2018). It started strongly with 19 per cent of the communiqué and 48 commitments at the Hangzhou Summit in 2016, but declined to only six commitments for 6 per cent of the total at Osaka in 2019 (Williams 2020). Of its 94 digital economy commitments overall, compliance averaged only 69 per cent.

On climate change, which the G20 summit addressed from its start, its communiqué attention steadily rose only since 2015, to peak in the number of words at Hamburg and as a portion of total words at Osaka (Warren 2020). Its commitments followed a similar cadence, peaking at 9 per cent of the total at Osaka. Compliance averaged only 68 per cent, but reached 89 per cent for Osaka.

G20 Silos and Synergies

This varying G20 performance overwhelmingly arose from treating these key subjects in separate silos, rather than recognising and mobilising the synergies among them all. In the real world, as the 2020 COVID-19 pandemic dramatically showed when some lockdowns began to end and vaccines began to arrive to allow the economy to recover, health is wealth

(Kirton 2020c). And people's health and planetary health are also integrally connected. COVID-19 lockdowns caused greenhouse gas emissions to decline temporarily. Growing trees enhance human health and cool the Earth. In 2020, digitalisation created massive economic wealth for some, saved and improved lives through digital health and helped control climate change by enabling work at home, reducing flying, enhancing climate and environmental monitoring, even as it required servers to be cooled with air conditioners using fossil fuels. Yet very rarely has the G7 made such links.

A detailed analysis of the G20's links between SDG-centred development, digitalisation and climate change show this siloed separation. G20 leaders' performance on the SDGs started at Antalya, peaked at high levels at Hamburg and plunged by the Riyadh Summit in November 2020. Their performance on climate change and digitalisation followed a similar cadence, but the synergies were few and fragile, with no links made among all three subjects at the same time. However as such synergies contained within leaders' commitments do improve members' compliance with them, G20 leaders can and should move from silos to synergies at future summits, to the benefit of all.

G20 Governance amidst COVID-19 in 2020

No such synergies arose at the G20's emergency summit on March 26, 2020. It generated 47 commitments, led by 20 on health and nine on the economy and three on development, but only one referenced digitalisation and none did climate change.

Of the 47 commitments, 33 were on single subject silos, while 14 synergistically linked two subjects (but none linked three or more) (see Appendix B). Of the 14 synergistic commitments, seven promised more financing, resources and spending on health, while another committed more manufacturing capacity for this purpose. Three linked health to trade. Two noted the pandemic's economic and social harm to developing country debt. None suggested that health created wealth. One promised to "leverage digital technologies" for health.

The regular G20 Riyadh Summit on November 21–22 saw a similar emphasis on single subject silos, as COVID-19 crowded out Saudi Arabia's opening promise to have its summit give more priority to environmental subjects than any G20 summit before. Riyadh's 107 commitments were led by 14 on health. Trade took 10, macroeconomic policy nine, development seven, the environment six, and climate change and the digital economy only three each (see Appendix C).

Of the nine macroeconomic commitments, seven were siloed and only two were synergistic. One synergistic commitment did link to health, society and the environment, and the other linked to health alone. Of the seven development commitments, four were siloed and three were synergistic, with all of synergistic commitments linked to the economic subject of financing for development.

Of the 14 health commitments, 11 were siloed and only three were synergistic. All three synergistic commitments linked to development, and one added links to the economy and society as well. Of the three digital economy commitments, two were siloed, while one was synergistically linked to youth, women, and small and medium-sized enterprises (SMEs). Of the three climate change commitments, two made a synergistic link to the economy or energy, in ways seen to put the economy first (see Appendix D).

In all, on these five key traditional and expanded subjects a strong majority of 25 commitments were siloed versus 11 synergistic ones. Four of the five subjects had a majority of siloed commitments, with climate change the sole exception. Only one commitment made a trilateral link among the economy, health and the natural environment. None of these 25 commitments, nor the full set of 107 commitments, made a trilateral link among the economy, health and climate change itself, or even a bilateral one between health and climate change. Thus the Riyadh Summit left a very fragile foundation on which to build the synergistic links needed in the years ahead.

An initial indication of the prospects for improvement comes from the compliance of the G20's next three hosts with their G20 priority commitments thus far, as a measure of their durable commitment to G20 governance. On the 330 priority commitments assessed for compliance since 2008, Saudi Arabia averaged 56 per cent, Italy 68 per cent, Indonesia 59 per cent and India came first at 69 per cent. On macroeconomic policy, Saudi Arabia had 68 per cent, Italy 76 per cent, Indonesia 78 per cent and India first at 86 per cent. On financial regulation Saudi Arabia had 65 per cent, Italy 71 per cent, Indonesia 66 per cent and India first at 75 per cent. Development had Saudi Arabia 50 per cent, Italy 63 per cent, Indonesia 54 per cent, and India first at 66 per cent. Health had Saudi Arabia 58 per cent, Italy 50 per cent, Indonesia 46 per cent, and India first at 66 per cent. The digital economy had Saudi Arabia 57 per cent, Italy 57 per cent, Indonesia 44 per cent and India tied for first with 57 per cent. Climate change had Saudi Arabia 33 per cent, Italy 69 per cent, Indonesia 63 per cent and India second at 65 per cent. Thus, on all these key subjects, India always came first, save for its second place on climate change.

Italy's Plans and Prospects in 2021

As G20 host in 2021, Italy plans and promises to do much better at its Rome Summit on October 30–31 in building the future global economy on the foundations of a healthy people in a healthy planet, connected by digitalisation in a synergistic way. The Rome Summit will compensate for the modest results of the G20's Riyadh Summit and build on the future-oriented foundation from the G7 summit hosted by the United Kingdom on June 11-13, 2021. The Rome Summit will take place immediately before the UN's delayed and long-awaited global climate summit in Glasgow, Scotland, on November 1-12. Rome will be the first G20 summit hosted by Italy, a core member of the G7 and the European Union since their start. It brings G20 hosting back to a major democratic power, whose vast Mediterranean coastline puts it at the crossroads of Europe, Africa, the Middle East and the Atlantic world.

The Rome Summit will be hosted by Italy's new prime minister Mario Draghi. It will be infused with fresh energy from several new leaders, led by U.S. president Joe Biden who took office on January 20, 2021. It will welcome a new German chancellor, due to succeed the G20's all-time veteran Angela Merkel in October 2021. Japan's prime minister Yohihide Suga will attend his first in-person G20 summit, after his first outing at the virtual Riyadh Summit and will arrive after hosting the Tokyo Olympics in the summer of 2021. These climate-committed newcomers will be joined by many experienced G20 veterans.

These leaders will focus on Italy's priority pillars of "People, Planet, Prosperity," presented by then Prime Minister Conte in his address to the United Nations General Assembly on September 25, 2020. Those priorities included the traditional core subject of the economy, but highlighted the newer ones of health and climate change. For the first time ever, health and the environment came first, with healthy people and a healthy plant as the central cause of the sustainable, inclusive and now resilient economy the leaders wish to build.

As elaborated by the Italian G20 presidency on December 1, 2020 these three pillars highlighted five key subjects. First came the priority of addressing COVID-19, by "ensuring a swift international response to the pandemic," providing "equitable, worldwide access to diagnostics, therapeutics and vaccines and building up resilience to future health-related shocks." Second came commerce, covering livelihoods, economies, and trade, aiming, as indicated in July, "on a resilient, inclusive and sustainable economic recovery" from the pandemic (AKI 2020). Third came climate change, including green growth, renewable energy and the environment. Fourth came social cohesion, embracing inequality, women's empowerment, youth, vulnerable people, jobs, social protection and food security. Fifth came connectivity, through closing the digital divide and bringing digitalisation to all.

In a reversal of Saudi Arabia's year in 2020, Italy in 2021 started with a bad pandemic and economy, which should get progressively better, as vaccinations roll out. More money will flow to finance a redesigned economic rebuilding, as the European Union starts its multi-trillion dollar, multiyear spending package and the U.S. adds it $1.9 trillion one. President Biden's administration, taking office on January 20 with high experience and strong economic, medical and environmental expertise, immediately emphasized controlling not just COVID-19 but also climate change through digital connectivity and international cooperation. The one thing certain to be much worse in 2021 is climate change.

The Italian presidency thus emphasized that the economic recovery must be more inclusive, greener and smarter, with a cross-cutting green agenda. The G20's central finance track accordingly sought a transformative economic recovery that was healthier, greener, digitized, more inclusive and backed by reformed multilateralism. It considered several initiatives.

The first was a G20 early warning mechanism that included economic, health and environmental risks. This would enhance pandemic preparedness for those sure to come in future years. The second initiative was a more coordinated action plan, emphasising digital platforms to enhance productivity growth and finance investments for growth. The third was shock-resilient, sustainable traditional and digital green infrastructure, including in transportation and urban areas and using nature-based solutions and creative ways to finance this. The fourth initiative was making sustainable finance integral to financial stability, including by having central banks promote climate change control and environmental enhancement. The fifth was improving financial inclusion by focusing on micro, small and medium-sized enterprises and their digital finance and awareness.

The sixth initiative was sustainable, progressive environmental taxation that would steadily increase. This involved eliminating fossil fuel subsidies, increasing all forms of carbon taxation to decarbonize the global economy as quickly as possible, and using some of these revenues to retrain workers for new jobs. It could be a highlight of the Italian presidency.

Yet in bringing these priorities and initiatives to life, Italy and its G20 supporters knew that they faced several constraints. The first was debt, where more participants increasingly questioned the high and soaring deficits and debts, even as leading economists such as Larry Summers argued that the advanced economies could accommodate much more debt (Yang 2020). The second constraint was China, which was breaking the World Trade Organization's trade rules and thus remained reluctant to reform them in the desired way. The third was raising the needed resources for the IMF and to reach the SDGs.

The fourth constraint was vaccine nationalism, as the United States and other G7 members rushed to give their initial limited supply exclusively to their own citizens first. Italy sought to convince all that vaccinating poor people and countries would enable them to rejoin the economy and be a great growth stimulus.

The fifth constraint was populism. It was growing because technology and capital were relentlessly substituting for labour, thus destroying secure, well-paying middle and working class jobs and making the many losers feel that globalisation and its governance did not work for them (Oldani and Wouters 2019). This eroded the very legitimacy of both national and global governance, and the democratic principles at its core since the Cold War victory in 1989.

Indonesia's Promise and Prospects in 2022

Given Italy's ambitions and constraints, it will take more than a year to bring them to life in full. There would thus be much for the G20 to do under its Indonesian presidency in 2022.

Indonesia's planning was already underway by the summer of 2020. It initially envisaged an overall theme of "Improving Human Competitiveness and Productivity," given its government's domestic priority on these subjects. It also highlighted infrastructure development and vocational education. It asked how G20 cooperation could promote quality vocational education to improve human competitiveness and productivity, in the context of the Industrial Revolution 4.0 and how Indonesia and other emerging markets could capitalize on their demographic bonus as many developed country populations aged.

In a broader debate some suggested focusing on specific technical issues such as vocational education and delivering a concrete products such as the Global Infrastructure Hub established in 2014. The alternative, and leading view was to focus on major issue of central concern for many G20 members, set the global agenda and produce normative policy guidelines, principles and solutions for them.

By November 2020, Indonesia signalled that that it would continue Italy's priorities of people, planet and prosperity. Indonesian finance minister Sri Mulyani Indrawati emphasized financial inclusion and President Joko Widodo publicly highlighted the digital economy. Other priorities included trade, business, technology and multilateralism as seen in Indonesia's Association of

South East Asian Nations (ASEAN) diplomacy and global value chains and SMEs, reflecting a regional Asian approach. The 2030 Agenda SDGs might also make the list. In its process, Indonesia would probably proceed in a slow but steady way, working with the African Union and with ASEAN, whose summit Indonesia will host in 2023.

With these plans, priorities and process, Indonesia faces several constraints in delivering a highly successful, synergistic summit to meet the central challenges of 2023. Still scarred by the shock of the 1997 Asian-turned-global financial crisis, it could focus on financial self-protection, such as financial inclusion, rather than climate change and the environment, even as its current capital city of Jakarta slowly sinks. These scarsm and memories of the stringent conditionality for IMF financial support have created a reluctance to follow the IMF's new green agenda, with its climate and environmental conditionality for debt relief and financial support.

Moreover, Indonesia ranked low in overall and relevant specific capabilities, unless Italy's emphasis on nature-based solutions and youth would bring Indonesia's large coastlines, oceans, peatlands, forests and young population to the fore. Indonesia's capabilities are in relative decline, especially compared to its Asian neighbour China. Indonesia only become a democratic polity in 1997, much later than G20 members Korea, Mexico and Brazil. Its domestic political cohesion has been constrained by separatist threats, even as President Widodo is an experienced G20 veteran since he arrived in 2014 and faces re-election only in 2024.

Above all, Indonesia is not central to a G20 club at the hub of an expanding network of global summit governance. Indonesia had been selected to host the G20 in 2022 at a late stage, switching with India, long scheduled to host that year. The switch, decided between the two countries, came because Indonesia, hosting ASEAN in 2023, felt it could not host both summits in a single year. This shows Indonesia's recognition of its limited institutional and financial capabilities, and its preference for the regional ASEAN summit over the global G20 one. Indonesia's ASEAN approach to its G20 presidency suggests its 2023 summit could produce highly general commitments, of limited ambition.

Moreover, Indonesia is not in the G20's leading caucus groups of the BRICS and the G7. It is a member of MIKTA — with Mexico, Korea, Turkey and Australia — but this is not a leaders-level forum. Indonesia is a member of the Asia Pacific Economic Cooperation forum and the Islamic Conference Organisation, but does not share membership with Italy in any summit clubs of global relevance or reach.

Indonesia's G20 summit will thus leave much for India's to do in 2023, when the COVID-19 crises will be receding and the climate emergency will take centre stage.

Conclusion: India's Prospects in 2023

India offers hope that it can indeed foster the needed ambitious, synergistic solutions, with controlling climate change at the core, at its G20 summit in 2023. Its promising prospects begin with the progress India has recently made on climate change at home and abroad, as a leader among the G20's major emerging countries (Rashmi 2020).

Moreover, India ranks well on the six key causes of summit success, specified in the systemic hub model of G20 performance (Kirton 2005; Kirton 2013).

First, India has never catalyzed or been consumed by a financial crisis or other global shock since the G20's birth in 1999. Yet it is increasingly vulnerable to climate change and deadly extreme weather events, and ranks high in cases and deaths from COVID-19.

Second, India is steadily acquiring a stronger place in the major multilateral organisations, led by the IMF and World Bank. This progress was led by the G20's breakthrough on voice and vote reform for these Bretton Woods bodies in 2010 and again for the World Bank in 2018. India is also a founding member and has been an equal host of the BRICS summit since 2009.

Third, India has relatively high and rising capabilities among G20 members, both overall and in the critical specialized capabilities needed to produce and distribute the COVID-19 vaccines.

Fourth, India has been a democracy since its independence on August 15, 1947, and has maintained its democratic character, even as some of its BRICS colleagues have moved the other way.

Fifth, Prime Minister Narendra Modi is backed by high domestic political cohesion. Since becoming prime minister in May 2014 and winning re-election in 2019, he has attended seven regular G20 summits and will probably not face re-election until 2024.

Sixth, India stands at the centre of the G20 hub of an expanding network of global summit governance. Since 1948 it has been a charter member of the Commonwealth Heads of Governments Meeting, one of the oldest plurilateral summit institutions, connecting India with the leaders of the United Kingdom, Canada, Australia and South Africa. As a BRICS founder, it is connected to Brazil, Russia, China and again to South Africa, both at the annual stand-alone and G20 sideline summits every year. It has regularly participated in G7/G8 summits and been invited, along with former G20 summit hosts Australia and Korea, to the UK's G7 summit in 2021, which could create a new Democratic 10 (D10).

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Appendix A

G20 Macroeconomic Policy Performance

Year	Deliberation		Decision Making			Delivery	
	Words		Commitments			Compliance (%)	# Assessments
	#	%	#	%	Total		
2008 Washington	651	18	6	8	95	88	1
2009 London	1,713	27	15	11	129	68	1
2009 Pittsburgh	2,807	30	28	23	128	85	1
2010 Toronto	3,777	33	14	25	61	88	3
2010 Seoul	5,956	38	29	19	153	85	3
2011 Cannes	4,289	30	91	32	282	72	3
2012 Los Cabos	5,304	42	71	39	180	84	4
2013 St. Petersburg	12,200	42	66	23	281	80	3
2014 Brisbane	4,939	54	34	17	205	71	3
2015 Antalya	5,880	42	21	11	198	85	2
2016 Hangzhou	10,060	29	31	15	213	69	2
2017 Hamburg	7,964	23	40	8	529	90	1
2018 Buenos Aires	2,507	29	21	16	128	85	1
2019 Osaka	673	10	9	6	143	90	2
2020 Riyadh	3,384	60	9	6	107	Not available	
Total	72,104		485		2,832		30
Average	4,807	34	32	17	81		2

Notes: Deliberation – number of words on macroeconomic policy and the percentage of total words.

Decisions – number of commitments and the percentage of total commitments as identified by the G20 Research Group.

Delivery – compliance with priority commitments and the number of commitments assessed by the G20 Research Group.

Appendix B

G20 March 20 Emergency Summit Linked Commitments

2020-8: Coordinate on public health and **financial** measures. (health)

2020-10: [We]…seek to ensure adequate **financing** to contain the pandemic and protect people, especially the most vulnerable. (health)

2020-15: We will expand **manufacturing capacity** to meet the increasing needs for medical supplies and ensure these are made widely available, at an affordable price, on an equitable basis, where they are most needed and as quickly as possible. (health)

2020-17: We will quickly work together and with stakeholders to close the **financing** gap in the WHO Strategic Preparedness and Response Plan. (health)

2020-18: We further commit to provide immediate **resources** to the WHO's COVID-19 Solidarity Response Fund…on a voluntary basis. (health)

2020-19: [We further commit to provide immediate **resources** to…] the Coalition for Epidemic Preparedness and Innovation (CEPI)…[on a voluntary basis.] (health)

2020-20: [We further commit to provide immediate **resources** to…] Gavi, the Vaccine Alliance, on a voluntary basis)…[on a voluntary basis.] (health)

2020-21: To safeguard the future, we commit to strengthen national, regional, and global capacities to respond to potential infectious disease outbreaks by substantially increasing our epidemic preparedness **spending**. (health)

2020-23: [We further commit to work together to]…leverage **digital** technologies (health)

2020-26: We commit to do whatever it takes and to use all available policy tools to minimize the economic … damage from the pandemic (global economy)

2020-27: [We commit to do whatever it takes and to use all available policy tools to]… minimize the … social damage from the pandemic (global economy)

2020-32: We will continue to address risks of debt vulnerabilities in low-income countries due to the pandemic. (global economy)

2020-33: Consistent with the needs of our citizens, we will work to ensure the flow of vital medical supplies, critical agricultural products, and other goods and services across borders (trade)

2020-34: [Consistent with the needs of our citizens, we will work to]…resolve disruptions to the global supply chains, to support the **health** and well- being of all people. (trade)

2020-36: Emergency measures aimed at protecting **health** will be targeted, proportionate, transparent, and temporary. (trade)

Appendix C

G20 2020 Riyadh Declaration Commitments

Issue Area	Number of Commitments	% of Commitments
Health	14	13
Crime and corruption	14	13
Trade	10	9
Macroeconomic policy	9	8
Gender	8	7
Development	7	7
Labour and employment	6	6
Financial regulation	6	6
Environment	6	6
Human rights	4	4
Energy	4	4
Climate change	3	3
Food and agriculture	3	3
Infrastructure	3	3
Digital economy	3	3
International taxation	3	3
IFI reform	2	2
Migration and refugees	1	1
International cooperation	1	1
Total	107	100

Notes: Identified and compiled by Brittaney Warren, November 22, 2020.

All commitments taken by the 2020 Leaders' Declaration, which was the only outcome document produced by the Riyadh Summit. Percentages have been rounded up.

Appendix D

G20 Riyadh Summit's Climate Change Commitments

2020-101: We endorse the Circular Carbon **Economy** (CCE) Platform, with its 4Rs framework (Reduce, Reuse, Recycle and Remove), recognising the key importance and ambition of reducing emissions, taking into account system efficiency and national circumstances. (climate change)

2020-102: In advance of the United Nations Framework Convention on Climate Change (UNFCCC) COP26 in Glasgow…we reiterate our support for tackling pressing environmental challenges, such as climate change…as we promote **economic growth**, **energy security** and access for all, and **environmental protection**. (climate change)

2020-104: Signatories to the Paris Agreement who confirmed at Osaka their determination to implement it, once again, reaffirm their commitment to its full implementation, reflecting common but differentiated responsibilities and respective capabilities, in the light of different national circumstances. (climate change)

Note: Synergistic links to other subjects are noted in bold.

Research Article

Pharma Can Shine Even More

G20 Digest
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Aidan Hollis*

Thomas Pogge**

Abstract: Impressive in its innovative achievements, the pharmaceutical sector is also held back by three serious inefficiencies that new reward incentives could help overcome. The proposed Health Impact Fund would offer to reward new pharmaceuticals according to their health impact in exchange for their being sold without markup. This Fund would bring forth new pharmaceuticals against the heretofore neglected diseases of poverty and would ensure that these products are accessible to all and strategically deployed to reduce disease incidence. Giving innovators the additional option of claiming health impact rewards would greatly improve the cost-effectiveness of the pharmaceutical sector in terms of human health. Home to the vast majority of pharmaceutical innovators, the G20 has a special responsibility to help shape their incentives so that they can make their fullest contribution to human health.

Introduction

One respect in which humanity has made remarkable progress in recent decades is medicine and especially pharmaceuticals. Affluent people today can expect to live healthy and productive lives well into their 80s. And the recent COVID-19 pandemic has shown that the world's pharmaceutical innovators can tackle new challenges with astonishing speed and effectiveness. Yet, despite this spectacular success, it is evident that, better incentivised, the pharmaceutical sector could do even much better. Being home to most pharmaceutical innovations worldwide, the G20 has a responsibility to help shape the sector so that its innovative capacities can thrive and have their optimal impact on human health.

The most important rules structuring and guiding the global pharmaceutical sector are laid down in the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement of 1994, which is Annex 1C of the founding treaty of the World Trade Organization (WTO).[1] This Agreement entitles innovators to 20-year product patents on their innovations (Articles 27.1 and 33). For the duration of such a patent, the patentee has a temporary monopoly on the sale and use of its product in the relevant jurisdiction:

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no one else can supply or use the patented innovation without the patent holder's permission. Thus protected from competition, innovators can sell their patented products at high markups or charge high licensing fees for rights to manufacture and sell these products. Such earnings allow innovators to recoup their up-front expenses for R&D, patenting, clinical trials and pursuing regulatory approval. These large fixed costs of innovation are thus, in effect, paid for by early users of approved pharmaceuticals, who buy these products while they are still under patent.

Three Main Inefficiencies of Monopoly Patents

This dominant reward mechanism attracts little research attention to diseases heavily concentrated among poor people, who cannot pay the high prices firms must charge to recover their fixed costs of bringing a new product to market. Paradigmatic for this category are the twenty WHO-listed "neglected tropical diseases," which together afflict over a billion people[2] but attract only 0.35 per cent of pharmaceutical-industry R&D (IFPMA, 2017: 15 and 21). Heavily concentrated among the poor are also tuberculosis (WHO, 2020), malaria (WHO, 2019), hepatitis,[3] and pneumococcal diseases,[4] which together kill some 7 million people annually, and then also measles, whooping cough and diarrheal diseases. The spectacular successes pharmaceutical innovators have achieved against COVID-19 give us a sense of what they could achieve against diseases of poverty if they really brought their ingenuity to bear upon them. As it is, these vast potential health gains remain unrealised because those diseases are simply not profitable targets for pharmaceutical R&D.

A second inefficiency arises from exorbitant markups on patented pharmaceuticals. Such exorbitance is partly explained by extreme economic inequalities, both between and within countries, which lead to highly convex demand curves, ensuring that a patented pharmaceutical's profit-maximising sales price tends to be far above what most households can afford. Firms do better selling at a very high price to the affluent or well-insured, a mere fraction of the patient population, than serving more patients at a lower price. A typical example is the important hepatitis-C drug sofosbuvir, sold under the brand name Sovaldi by patent holder Gilead Sciences.[5] While its production cost amounted to an estimated $68–136, Sovaldi was introduced in the United States at a price of $84,000 per 12-week course of treatment, that is, with roughly a thousand-fold – or 100,000 per cent – markup.[6] In poorer countries, where the upper classes are less affluent and less well-insured, the profit-maximising price is much lower. But because ordinary incomes are also much lower there, such international price differentiation does not alter the fact that most people around the world cannot afford advanced medicines – at least until their patents expire, which, with Sovaldi, will start happening in 2032. Each year, millions suffer and die from lack of access to medicines that could be mass-produced quite cheaply.

Reflecting on this tragedy, one wishes for the lowest possible price, to make the relevant pharmaceutical affordable to everyone.[7] But, as illustrated by some very cheap generics, low retail prices can also impede access: by making it unprofitable to supply the product in small national markets or remote locations. For many patients, there exists no price that would afford them access to needed pharmaceuticals – no price that is both low enough to make the product affordable and high enough to motivate sellers to supply it to them. And even when there is such a sweet price range, the actual price is most often outside this range, typically above. This leads to the second inefficiency: pharmaceuticals do not diffuse well and therefore achieve only a fraction of the health gains they would achieve if they were competently provided to all who need them. This loss of potential health impact is deeply regrettable because including the missed patients would greatly improve human health at extremely low cost (relative to the large fixed costs of creating the product in the first place).

A third inefficiency of monopoly patent rewards arises from their inattention to population effects. Imagine a firm choosing between two potential research projects, expected to result in new pharmaceuticals that will be equally good in their effects on the health of the patients treated with them. One of these products will have little effect on the evolution of the target disease, while the other will progressively reduce its incidence relative to how it would otherwise have evolved. Evidently, the public has strong reason to prefer that the latter product be pursued. But it is also evident that the pharmaceutical firm would find development of the former product more profitable because – while the profit-maximising sales price of the latter product might be slightly higher – its earnings would be depressed by lower sales volumes due to increasing shortfall in the number of patients. Even while we ardently hope that the firm will pursue the latter product, we have structured pharmaceutical markets to signal a clear preference for the former. We are penalising companies that, in addition to helping individual patients, design their research and marketing strategies toward effective reduction of the incidence of their target disease. And then we are astonished that, with all our scientific sophistication, all the trillions spent on pharmaceuticals, humanity has managed to eradicate only one lone disease, smallpox – and that over 40 years ago!

It must be said loud and clear that these three chief inefficiencies of patent rewards are not highlighted in support of some conspiracy theory or as a criticism of pharmaceutical firms. It is not in their best interest, either, that their incentives are structured as they are. To be sure, ***given*** these incentives, it is often in their best financial interest to make decisions that are not optimal for public health. But it is decidedly ***not*** in their best interest to be put into such morally conflicted situations, which expose them to temptations and suspicions of "putting profits over people." It would be much better for pharmaceutical firms if their financial interests were aligned with the public's interest in good health – if they could profitably decimate the disease burden weighing down the world's poor and could profitably design and market pharmaceuticals toward reducing the incidence of their target disease. If there were this alignment, then the question of whether firms put profits over people or people over profits would fade into insignificance: either way, they would make the same decisions. Pharmaceutical firms would do well by doing good.

Here we should also think of the people working in those firms and, more generally, in the pharmaceutical sector. Many are doing so because they want to benefit humankind. It deeply pains them to see their industry vilified in the media and disrespected by the public. And it is even more frustrating for them to see their own firm make decisions that serve shareholder interests at the expense of public health. These employees would be much happier, and even more productive, if their pharmaceutical R&D successes had their fullest impact on the global burden of disease and if serving shareholder interests and serving public health both supported the same corporate decisions.

Finally, if the pharmaceutical sector were more efficient, and produced much greater health gains relative to inputs, then a healthier and wealthier global public would be ready to pay more into this sector. Inefficiency is the mother of opportunity: if we find a good way of overcoming it, then we can make everyone a winner.

The Health Impact Fund

To meet the opportunity created by the three inefficiencies, a Health Impact Fund that, jointly supported by many countries, would invite innovators to register any of their new pharmaceuticals for participation in 10 consecutive annual payouts, each divided among registered products according to health gains achieved in the preceding year. With these rewards enabling innovators to recoup their R&D expenses and to make appropriate profits, the price of registered products would be capped to covering their costs of manufacture and distribution. Registrants would also agree to their registered product going generic after its 10-year reward period, even if it still has unexpired patents.[8] Some variant of quality-adjusted life years (QALYs), as widely employed and refined in recent decades, could be used as a common metric for comparing and aggregating health gains across diverse diseases, therapies, demographic groups, lifestyles and cultures.[9] To reassure funders and/or innovators, a maximum and/or minimum reward per QALY could be stipulated.

The Health Impact Fund might get started with annual pools of $6 billion – less than one per cent of the $800 billion *per annum* that the world currently spends on branded pharmaceuticals. This contribution would be offset by savings on registered medicines and other health care costs, as well as by gains in economic productivity and associated tax revenues.

Innovators would remain free to charge patent-protected high prices in non-contributing affluent countries. This would give innovators more reason to register products with the Health Impact Fund, and affluent countries more reason to join the funding coalition. Over time, the Fund would grow – through economic growth in contributing countries, accession of new countries, or agreement to raise the contribution percentage – and would then attract an increasing number of new pharmaceutical products.

With annual reward pools of $6 billion, each registered product would participate in $60 billion worth of disbursements over its 10-year reward period. A commercial innovator would register a product only if it is expected to make a profit over and above recouping its R&D expenses. There is some controversy over what these fixed costs of innovation typically amount to. The Health Impact Fund would throw light on this question by revealing in what range registrations will settle. An equilibrium at about 20 products, with two entering and two exiting in a typical year, would show that the prospect of $3 billion over ten years is seen as satisfactory – neither windfall nor hardship. This is so because the Health Impact Fund's reward rate is self-adjusting: when innovators find it unattractive, a decline in the number of registered products will raise this rate; and when innovators find the reward rate highly attractive, a rise in the number of registered products will lower it. Such automatic adjustment provides reassurance to both sides: innovators can be sure that the reward rate will not fall to the point where their efforts are unprofitable, and contributors to the Fund can be sure that the reward rate will be limited by competition among companies. In any given year, all registered products would be rewarded at the same $/QALY rate: each product's earnings would then be proportional to its health impact, which in turn would depend on the quality of the product and on how well and widely it is marketed. Some products would earn more by delivering greater therapeutic value or by benefitting more people.

Tackling the Main Inefficiencies

The addition of the Health Impact Fund would most straightforwardly address the second inefficiency: any pharmaceutical registered with the Fund would be available without markup from day one, its price capped at the lowest feasible cost of manufacture and distribution. As a result, any such new pharmaceutical would quickly become accessible to nearly all patients who need it – in contrast to new pharmaceuticals rewarded with monopoly patents, which in their early years are accessible only to the affluent or well-insured. In both reward systems, the affluent cover the lion's share of R&D costs and appropriate innovator profits. In the patent regime, they do so through markups: by purchasing pharmaceuticals at exorbitant prices or, more commonly, by buying expensive insurance policies that cover high-priced pharmaceuticals. The patent regime thus excludes all those who cannot afford such high prices or appropriate insurance.

In the Health Impact Fund regime, R&D costs and appropriate innovator profits are covered by health impact rewards, financed from ordinary progressive taxation. This makes little difference to the affluent, who again pay the lion's share. But it makes all the difference to the non-affluent: rather than flowing through markups, health impact rewards preclude markups and thereby avoid excluding the poor. Even better, because the premiums complementing sales revenues are based on health gains achieved, innovators would, despite the non-profit price, have strong incentives to bring registered products to remote and impoverished places, with clear local-language instructions and adherence support for patients and medical staff. They would have incentives even to sell their product below the price cap to very poor patients, insofar as the additional health gains thereby achieved promised rewards exceeding the subsidy. By assigning more value to the health and survival of poor people than what they themselves can afford to pay, the Health Impact Fund ensures that really all human beings can benefit from its new pharmaceutical products – that no one is left behind.[10]

Leaving no one behind is a moral imperative. But it is also collectively advantageous and thereby helps tackle the third inefficiency. This is especially evident in the case of communicable diseases, which would likely be the most attractive targets for drugs registered with the Health Impact Fund. By decimating such a disease even among the poor, we protect everyone from the threat it poses. This is a great improvement over the *status quo*, under which new pharmaceuticals against communicable diseases are priced out of reach of the poor, thus ensuring that many avoidably remain sick and continue to spread the disease. This often causes more dangerous drug-resistant strains to emerge because patients – desperate and poor – take less than the full course of treatment or self-medicate with drugs in diluted dosage. Drug-resistant disease variants constitute a rising share of the global disease burden and pose grave dangers to public health, including that of the affluent.

The rewards of the Health Impact Fund are fully attuned to these population-level concerns. Registered pharmaceuticals are rewarded according to the reduction they achieve in the burden of disease. This includes health gains for individual patients, of course. But it also includes achieved reductions in the incidence of the target disease.

The Health Impact Fund would motivate innovators to develop effective products that could be deployed strategically to rapidly reduce disease incidence as cost-effectively as possible. Collaborating with national health systems, international agencies and NGOs, such an innovator would seek to build a strong public-health strategy around its product, involving diagnostics and other factors relevant to treatment outcomes, bolstered by real-time monitoring to recognise and address possible impediments to uptake or therapeutic success. It is unlikely, to be sure, that an innovator can deploy a new pharmaceutical to eradicate a disease within ten years. But it would nonetheless work very hard in this direction – collecting massive rewards for its impact on the incidence of the disease even while having ever fewer patients left to serve.

Last but not least, the Health Impact Fund would also address the first inefficiency of the current regime: the systematic neglect of diseases heavily concentrated among the poor, including tuberculosis, malaria, hepatitis, pneumococcal diseases, HIV/AIDS, diarrheal diseases, measles, whooping cough, diphtheria, tetanus, sexually transmitted diseases and neglected tropical diseases. These diseases tend to score highly in the four dimensions that predict how cost-effective new R&D will prove to be in terms of health gains: they are widespread and severe, thus imposing substantial disease burdens available for reduction; they have been less researched in the past and therefore afford superior chances of important pharmacological advances; and these diseases, being mostly communicable ones, allow new R&D efforts also to achieve meaningful reductions in their incidence.

The Health Impact Fund does not favor diseases of poverty or infectious diseases as such. It simply draws R&D funding toward the diseases against which the most cost-effective health gains can be achieved.[11] This favors diseases of poverty because the current regime discriminates against them. The Health Impact Fund compensates for this discrimination by correcting two distortions: it rewards all health gains equally, irrespective of the socio-economic position of their beneficiaries, and it rewards health gains from preventing infection as much as health gains from treating disease.

The paramount focus on achieving cost-effective health gains would have another noteworthy effect. Reducing disease with pharmaceuticals is complicated and involves many stages – from research lab to patient care. All these stages and components are interdependent, posing a highly complex global logistics problem. Optimal impact requires not merely the solution of many disparate tasks but also harmony among solutions. Early decisions about conceiving and pursuing R&D projects should already anticipate the challenges of successful deployment. How to identify the patients who can benefit most and, for infectious diseases, those whose timely treatment would do most to slow contagion? How to work with health systems so that the product reaches and benefits patients in remote and impoverished locations? How to build a strong collaborative public-health strategy around the product? How to fashion the best plan toward eradicating the disease worldwide? The Health Impact Fund would train innovators toward such holistic thinking, toward achieving cost-effective health gains through a well-coordinated global strategy of disease containment.

Through the new pharmaceuticals it pulls onto the market, the Health Impact Fund would be a valuable counterpart to national health systems, the Global Fund, GAVI, MSF, UNITAID, UNAIDS and PEPFAR by making available to them, at very low prices, the novel pharmaceuticals they need. The Health Impact Fund would also engender deeper and broader knowledge about such diseases and greater capacities for developing additional, more targeted responses quickly. Innovators would thus be much better prepared to supply or develop medicines suitable for confronting emerging threats such as Ebola or COVID-19.

Going Beyond the Pharmaceutical Sector

The Health Impact Fund constitutes a meta-innovation, an innovation that rewards innovations. Its basic idea can work in any domain where a ***uniform*** metric of ***social*** value can be formulated, such as health gains (pharmaceuticals), pollution reduction (green technologies), knowledge and employment (education), nutrient yield and reduced use of fertilisers and pesticides (agriculture). Five key features of the impact-fund model are:

- While monopolies reward innovation in a way that ***impedes diffusion***, Impact funds ***delink*** the sales price from the cost of innovation.
- Impact funds also ***supplement*** what innovators earn from the sales price, by rewarding ***performance***, of which diffusion is an integral part.
- While monopoly rewards tempt innovators to put profits over people, impact funds bring profits into ***alignment*** with human needs: innovators do well by doing good.
- Impact funds organise ***competition*** across a whole domain of innovation, thereby sustaining a broad quest for the lowest-hanging fruits.
- Impact funds train innovators to work ***holistically***: to optimise the entire chain from allocating research efforts to serving end-users.

Any impact fund should ideally be global to serve more people at lower *per-capita* cost. Richer people and societies should contribute more, as they do under the current regime, but without excluding the poor. By promoting innovations and their diffusion together, impact funds fully include poor people in the orientation and benefits of innovation and thereby massively increase its social value and cost-effectiveness.

It is worth understanding how the impact fund model might work in the domain of green technologies. The looming climate disaster has obvious similarities with the COVID-19 crisis. Both dangers have a tendency to grow exponentially. Both threaten a global catastrophe from which individual countries or regions cannot safely insulate themselves. In both cases, plausible counter-measures require concerted international collaboration; individual countries and national governments have self-interested reasons to defect from the collectively optimal collaborative plan; powerful economic interests block the path toward a global solution; and innovation is a key element in any plausible and realistic solution.

These parallels suggest that, like in the pharmaceutical sector, we are foolish to use patent monopolies to reward green innovations because we are thereby inhibiting their use. When green innovations are expensive to use, rational producers of electricity, cement or steel may well decide to do without, since this decision's fallout will mostly be externalised as the additional pollution will harm other, including future people and the rest of our planet.

It would be much smarter to reward green innovations through an Ecological Impact Fund (Pogge 2010). This approach makes sense when two conditions are fulfilled: use of the incentivised innovation serves a morally or socially desirable purpose, which makes public expenditure appropriate; and contributions to this purpose can be quantified for proportional disbursement. The Health Impact Fund fulfills the second condition through a general measure of health impact (e.g., QALYs). An Ecological Impact Fund can fulfill it by employing a suitable metric of pollution averted, which assigns weights to the various greenhouse gases, pesticides, aerosol particles, plastics, etc. Green innovators would be asked to allow cost-free use of their innovation in exchange for annual reward payments proportioned to their innovation's ecological impact. A well-financed Ecological Impact Fund would promote widespread use of green innovations while also encouraging green R&D and guiding innovators toward the specific R&D projects that can yield the most cost-effective ecological-harm reductions.

Monopoly patent rewards turn innovators into jealous spies, scouring the Earth to find possible patent infringers, who may be using their innovation without license. Impact funds do the opposite: they encourage innovators actively to promote widespread and effective deployment of their innovation so as to enlarge its impact. Wider deployment can be promoted by adding one's innovation to a patent pool, for instance, or by subsidising its use among the poor even below variable cost. More effective deployment can be promoted by various means that guide and help users to get the most value out of the product. Greater effectiveness, insofar as potential buyers care about it, also promotes wider use.

Piloting the Health Impact Fund Idea

The proposed Health Impact Fund is a large agency with an annual budget in the billions. Because it works with long-term incentives, its funding must be secured for many years into the future. To win governments' support for such an ambitious project, a significant pilot is essential. With funding from the European Research Council and active collaboration by RIS, there has already been one small pilot in India, focused on data collection for health impact assessment.[12] The next pilot should be much larger and involve real rewards, showing how innovators respond to incentives and how much can be achieved with a given pool of reward funds.

The planned pilot would involve one single reward pool of $100 million, raised from a few governments and foundations (India, US, South Korea, Germany, Italy, UK, Canada, Gates Foundation).[13] This is not enough to finance the full development of even a single new pharmaceutical. Instead, innovators would be invited to submit proposals to increase the use of existing patented pharmaceuticals in countries or regions where they have heretofore failed to obtain meaningful sales. As with the Health Impact Fund, in the pilot they would have to sell the product in the targeted countries at cost, and the reward would then pay for their efforts to get the product used widely and effectively. An expert committee would select the four best proposals based on, *inter alia*, anticipated incremental health gains, prospects for broad, equitable access especially by the poorest, susceptibility to reliable, consistent and inexpensive health impact assessment, and promise of follow-on social value. Selected proponents – which might include non-commercial innovators such as DNDi[14] and the TB Alliance[15] or commercial innovators such as Serum Institute of India[16] – would then be given three years for implementation. At the end of this period, achieved health gains would be assessed – according to pre-agreed criteria, by an agency like the Institute for Health Metrics and Evaluation[17] or the Institut für Qualität und Wirtschaftlichkeit im Gesundheitswesen[18] – and the reward pool be divided proportionately. If this pilot were reasonably successful, an international agreement on the establishment of the Health Impact Fund would become a real possibility. In any case, the pilot would bring its own substantial health gains and health policy insights.

The G20 has consistently provided important guidance to member countries to help align policies. The Health Impact Fund offers an opportunity for the G20 collectively to support a novel mechanism to address some of the deficiencies arising in the interaction between intellectual property and public health. The G20 effectively acted to launch the Global AMR R&D Hub,[19] recognising the challenging problems in antimicrobial resistance. The challenges in developing needed medicines for other diseases, including tuberculosis, malaria, and many neglected diseases, are at last equally pressing and cry out for action. The Health Impact Fund is a solution that works within the existing institutional architecture to bring meaningful new incentives to some of the most important problems humanity faces.

Endnotes

1. For details on Agreement on Trade-Related Aspects of Intellectual Property Rights (unamended), See WTO website.
2. For more on Control of Neglected Tropical Diseases, see WHO website.
3. See Wikipedia on Hepatitis.
4. See Wikipedia for Pneumonia.
5. See Wikipedia on Sofosbuvir.
6. Sachs. 2015. Pharmaceuticals for uncommon diseases can cost even much more: a gene therapy treatment for spinal muscular atrophy, Zolgensma, is selling for $2,125,000.
7. This wish manifests itself in frequent calls for compulsory licensing, as specifically permitted under Section 5 of the Doha Declaration. With a compulsory license, a government overrules a national patent by authorizing a company within its jurisdiction to manufacture and sell the patented product in this jurisdiction while paying a small share

of its earnings to the patentee. So constrained, compulsory licenses can bring relief only in countries in which suitable manufacturing capacity exists. Compulsory licenses are strongly discouraged and penalized by the U.S. and are therefore rarely used. For the pressure the U.S. applies, see OUSTR 2020 and the many hostile reference to compulsory licensing throughout this document and its predecessors.

8. For more information and extensive critical discussion on the Health Impact Fund.
9. See Wikipedia.
10. 'Leave no one behind' "is the central, transformative promise of the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs)."
11. An innovator's profit margin is the Health Impact Fund's reward rate divided by the innovator's cost-per-QALY. To maximize profit, innovators will then focus on the R&D efforts with which they can achieve health gains at the lowest cost per QALY.
12. See Pogge for 'New Tracks for Drug Development'.
13. See Health Impact Fund Pilot Proposal.
14. For further details, see Drug for Neglected Diseases Initiative.
15. See TB Alliance.
16. See Serum Institute of India.
17. See IHME.
18. See Institute for Quality and Efficiency in Health Care.
19. See Global AMR R&D Hub.

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Research Article

Some Recent Trends in Global Competition Policy

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Abstract: Principles of fair competition are built into all multilateral and regional trade rules in differing degrees starting from GATT 1947. Even though efforts at multilateral rules on competition policy did not succeed in WTO, more and more Regional Trade Agreements have been incorporating competition policy, and in more and more intensive way in recent times. However, after the global financial crisis there is a marked tendency among countries to have more restrictive trade policies. Industrial policy has been noticed to stage a return in many parts of the world. The pandemic has accelerated this trend. Regulatory forbearance, though necessary during serious crises, could lead to entrenchment of unfair practices for the medium to long term, with consequent loss of welfare. The very nature of and the emerging dominance of digital markets render the task of antitrust authorities to ensure fair competition difficult. Cross-border cartels have become more difficult to be spotted and booked. Even as cross-border mergers are becoming more common, coordination among competition authorities are still lagging. Multilateral trade liberalization has to gather momentum to keep the competition pot boiling for trade. G20 agenda needs to increasingly build in competition policy issues.

Introduction

The broad consensus that emerged over the years that competition in the market and for the market and a sensible competition policy by governments support enhancement of economic efficiency and increase overall welfare appears more and more in danger of getting diluted. This apprehension has been strengthened with the arrival and advance of the COVID-19 pandemic. The role of the state was to be confined to regulating markets and, where necessary, correcting 'market failures[1], even though the contours within which competition should play out has always remained a debatable subject. Will too much competition result in evolution of oligopolies or even near monopolies (the rule of three[2] phenomenon)? The emergence and increasing dominance of the digital economy has thrown up a completely new dynamics of competition law and policy in all its dimensions. Even as questions have been raised on the relevance of competition policy and the role of regulators, there have been voices echoing the view that the benefits of competition are relevant at times of economic crisis as well[3]. The COVID-19 crisis has magnified the importance of competition policy.[4] Certain facts remain

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unquestioned: that cartels are a cancer on the economic fabric of countries across the globe, and that cross-border mergers need close scrutiny across jurisdictions, as also that coordination among competition authorities is becoming more and more essential to ensure that remedies when applied are compatible. Price fixing cartels, in particular, tend to be cross-border, what with global supply chains gaining grip over international trade over the years.

International Trade and Investment Flows

International trade flows have been languishing in recent years and the pandemic has brought down trade flows to historic lows[5]. Similar is the case with cross-border investment flows[6]. UNCTAD's Global Investment Trends Monitor released on 27 October 2020 showed that global foreign direct investment (FDI) flows fell 49 per cent in the first half of 2020 compared to the corresponding period in 2019, largely due to COVID-19. While the G20 leaders resolved during the global financial crisis to avoid protectionism with a view to avert any further deepening of the crisis[7], similar sentiments were seen to be less forthcoming during the pandemic, which in effect, has had an even more damaging and more comprehensive effect on the global economic, social and political landscape. It has also resulted in a number of countries resorting to unilateral restrictions on imports and exports.[8] It was found that the G20 Members took an unusually high number of investment policy measures since early 2020 when the COVID-19 pandemic began to sweep the planet. This in spite of the fact that the G20 Trade and Investment Ministers pledged to continue to work together to deliver a free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment, and to keep our markets open[9]. There have been broad consensus at international fora that emergency measures designed to tackle COVID-19, if found necessary, must be targeted, proportionate, transparent, and temporary, and do not create unnecessary barriers to trade or disruption to global supply chains.[10] However, in spite of the consensus statements at various international and multilateral fora, trade restrictive measures tended to abound. WTO has made a compilation of restrictions imposed on trade by countries in the aftermath of COVID-19.[11]

The most important flipside of such increasing trade and investment restrictions for mitigating the adverse impact of the crises is that there is a tendency for such measures, taken in times of emergency, to be sticky. Thus there is a real fear that trade liberalisation achieved over a long period of strenuous and protracted rounds of negotiations and consensus building, is at risk of being reversed on a near permanent basis by many countries. Such restrictions are contagious: restrictions in one country prompt other countries to retaliate or follow suit. International trade facilitates productivity growth and, theoretically at least, tends to facilitate convergence of income and welfare across the world. It is a potential medium through which the benefits of growth and development could be transmitted across borders. Thus both competition policy and trade mutually reinforce each other and serve the end of efficiency, productivity and welfare maximisation.

The economic convergence between developing countries and advanced economies visible since the 1980s and coincided with the Asian Miracle started fading since 2008 with the surfacing of the global financial crisis. The main driver of this convergence was trade, facilitated by the lowering of barriers due to the Uruguay Round of trade negotiations, containerisation of cargo and falling costs of communication. The flying geese pattern of export growth in East Asian countries in particular has since ceased to be replicable, or only very few countries are capable of doing so in 2020. This trend again has been highly accentuated by the COVID-19 pandemic.

Anticompetitive practices, especially cartelisation and entrenched monopolies tend to lower the benefits of international trade. This is all the more evident in high-tech and digital economies. However, the relevance of multilateral trade still remains intact.[12] This however depends largely on the effective enforcement of competition law in various jurisdictions. The international dimension of competition policy is widely recognised[13] and the collapse of the efforts at a multilateral agreement on competition in WTO in 2004 is not ground to believe otherwise.

Competition Policy and Industrial Policy

Industrial policy is generally viewed as a restraint on competition as it facilitates deviation from the path and/or destination where the market forces would have taken a sector or the economy. After a period of competition policy getting upper hand on industrial policy, there is now widespread talk of the return of industrial policy[14]. The Uruguay Round of trade negotiations and the Marrakesh Agreement and the birth of the World Trade Organisation (WTO), all aimed at and resulted in the restraining of the industrial policy-led gains from trade and growth being minimised. Thus restrictions on local content requirements, non-discrimination in terms of Most Favoured Nation (MFN) and National Treatment (NT), all were aimed at this. While tariffs were capped, non-tariff barriers too were addressed to an extent. However, signs of a competitive return to industrial policy led growth has been particularly evident after the global financial crisis of 2008. A major step was the weakening of the trade multilateralism in general and the WTO dispute settlement system, in particular. The pandemic prodded restraints on trade and travel flows expedited the return to industrial policy in many parts of the country[15]. Instead of comparative advantage and factor endowment, industrial policies of countries have started dictating the extent and composition of trade flows. Fears have been expressed that by the time the dust of COVID-19 settles down industrial policy would be very well back in vogue.

The multilateral trading system under the WTO created to promote competition in international trade itself has been having a rather bumpy ride. On all the three aspects of its mandate WTO has failed the Members. The mandate to have continued negotiations and continued liberalisation has been largely stuck, with only ITA-I and ITA-II and Trade Facilitation as examples of results. There is dissatisfaction about governance at the WTO, including notification and compliance. The fate of the Dispute Settlement System appeared sealed, though the new administration in the US has given hope, especially with the support extended by the US for the selection of the new Director General.

Tariff reductions are a significant representation of the unfolding of competition in international trade.

However, non-tariff barriers to trade have emerged as major restraints on competitive flow of goods across borders. Such barriers are not confined to goods alone. Services too face non-tariff equivalent barriers. As the share of services in international trade increases as years go by[16] the non-tariff equivalent trade barriers too are rising.

The UNCTAD classification[17] identifying measures affecting trade flows includes measures affecting competition. This category covers measures granting exclusive or special preferences or privileges to one or more limited groups of economic operators. It also includes state-trading enterprises (STEs), with special rights and privileges not available to other entities, which influence through their purchases and sales the level or direction of imports of particular products. Compulsory use of national services like compulsory national insurance which involves the requirement that imports must be insured by a national insurance company and compulsory national transport which requires that imports must be carried by a national shipping company are also classified as instances of measures affecting competitive flow of trade across borders.

Efforts at Multilateral Rules on Competition Policy

There is wide recognition that competition policy could help best harness the potential benefits of foreign direct investment (FDI) as drivers of economic transformation.[18] And efforts at a multilateral framework on competition policy have been underway for some time. GATT 1947 did not have any explicit provisions on competition policy, though the discussions leading to the Havana Charter had a full-fledged section on restrictive trade practices. The Uruguay round of trade negotiations resulting in the Marrakesh Agreement and the birth of the WTO brought competition policy more explicitly into the multilateral trading system. The General Agreement on Trade in Services (GATS), Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the Agreement on Trade Related Investment Measures (TRIMs) have specific competition policy provisions. More than 130 countries currently have enacted competition laws. The International Competition Network (ICN), UNCTAD and OECD provide international fora for discussions on competition policy and sharing of developments in the area.

The WTO TRIMs Agreement in Article 9 envisages that not later than five years after the date of entry into force of the WTO Agreement (i.e. 2000), the Council for Trade in Goods (CTG) shall review the operation of this Agreement and, as appropriate, propose to the Ministerial Conference amendments to its text. It is also provided that in the course of this review, the Council for Trade in Goods shall consider whether the Agreement should be complemented with provisions on investment policy and competition policy. The first Ministerial Conference of WTO (Singapore, 1996) mandated two separate Working Group processes which studied the issue of the relationship between trade and competition policy and that between trade and investment respectively. The Doha Ministerial Conference (2001) agreed on a structured discussion and a decision at the following (Cancun, 2003) Ministerial Conference based on consensus. Cancun conference was inconclusive. The Geneva Framework Agreement (2004) decided to take three Singapore issues of competition policy, investment policy and transparency in government procurement out of the Doha round of trade negotiations.

During the accession process of newly acceding countries and during the Trade Policy Reviews of existing Members competition policies of the relevant countries are being increasingly and more and more intensely reviewed. There has been a proliferation of Regional Trade Agreements (RTAs)[19] and most of the RTAs have provisions related to competition policy in differing degrees. Compared to the pre-Geneva Framework period when competition policy was part of the Doha Round, dedicated competition policy chapters in RTAs are higher during the post Geneva Framework years (64 per cent).[20] Non-discrimination, transparency and procedural fairness, the principles that appeared to crystalise during the WTO process of the Working Group on Trade and Competition Policy during the run up to the Cancun Ministerial Conference have gained traction in competition policy provisions in RTAs. It has been noticed that the deeper the level of integration of RTAs the more chance of stronger competition policy provisions finding place therein[21].

Digital Economy

Digital economy has started dominating the global economic landscape with digital firms fast replacing global economic giants in the brick and mortar economy. While digital economy has resulted in new ways of satisfying the existing wants of consumers as well as generating new ones and satisfying them, this has also resulted in economic concentration and the consequent adverse effects on consumer welfare. Antitrust authorities find it difficult to apply the rules of the game developed for the brick and mortar economy to practices by digital entities. Collusive conduct could be supported by self-learning algorithms. The role of humans on who alone antitrust authorities have jurisdiction is difficult to be brought out when self-learning and deep learning machines are involved. Dominance is generally inherent in the nature of digital industry, but has been noticed to be transient. There is a tendency to sustain such dominance unfairly by restraints on competition, competitors and potential rivals. The standard criteria for discerning abusive conduct are not applicable in most cases to the digital economy.

Competition Policy and Law in Times of Crisis

Governments all over the world are conscious of the need to perpetually register presentable growth rates of their respective economies to ensure that in the unspoken competition among nations their rankings do not slide and also to ensure that there is sustained economic growth. And competition authorities in general tend to be conscious of the prevailing economic milieu while taking enforcement action. In times of recession, depression and sagging economic growth regulators including competition regulators tend to choose forbearance and be 'lax' on behavior which in normal times would not have escaped their ire. As compared to the not so lenient approach during the global financial crisis of 2007-08 competition/antitrust authorities have been more understanding, if not lenient, towards enterprise conduct which in normal times would have been under their scanner[22]. Under such circumstances industrial policy tends to take central stage and caution in terms of competition harm is played down. And during the pandemic naturally there has been near unanimity in views among competition authorities, inspired also by the thinking in the informal coalition of competition regulators (ICN)[23], to go soft on collusive conduct which could be justified as necessary to meet the exigencies of supply disruptions due to the pandemic. The near withering away of *per se* rule in antitrust enforcement in most jurisdictions has facilitated such response by the competition authorities. The flip side of this are mainly twofold, especially: (a) substantial subjectivity would be involved in decision making in enforcement as the authorities will have to enquire into the justification for particular conduct in the context of the pandemic; and (b) cartels could take root during this period and could get entrenched and persist for long, with the concomitant cost to consumers and to overall welfare. While many of the competition authorities tried to prepare frameworks for a lenient approach, including confining such approach to sectors severely affected by the pandemic, the chances of type two errors abound. There is no denying that such relaxations are necessary. Any negative effects have to be addressed and many governments have been addressing these through other legal instrumentalities like anti-price gorging laws.

Conclusion

Competition policy has always been the moving spirit behind economic liberalisation, national, regional or multilateral. And competition policy interface with international trade and investment has been well recognised. While efforts at creating a framework agreement on competition in WTO did not succeed, the underlying rationale behind trade and investment liberalisation is enhancement of competition and consequent efficiency in production and distribution of goods and services. WTO agreements like GATS, TRIPS and TRIMs include specific provisions on competition policy. Starting with the global financial crisis there has been an increasing tendency for the dilution of competition policy and return of industrial policy. The pandemic and the consequent forbearance by regulatory authorities have clearly accelerated the trend towards return of industrial policy and international trade restrictiveness. Unilateral trade measures have been increasing. Trade multilateralism stands destabilised. Naturally trade and investment flows have dwindled.

Digital economy has continued to expand, led by enterprises with substantial and entrenched market power. Antitrust authorities all over the world are struggling to fit the extant competition laws to address the conduct of digital giants. WTO has found itself handicapped being unable to fulfill any of its mandates effectively. The new administration in the US and the swearing in of the new Director General are expected to turn the tide in favour of trade multilateralism. However, a lot of ground will have to be covered before industrial policy retreats and competition policy and trade multilateralism is back on track. In the context of the pandemic the G20 Trade Ministers reiterated the need to keep markets open and competitive. G20 needs to increasingly cover competition policy issues in its agenda.

Endnotes

1. See Wade 2012.
2. For further detaiils, see Sisodia and Sheth. 2002.
3. Lowe. 2009.
4. See OECD web page on competition.
5. According to the latest press release of the WTO dated 31st March 2021 the prospects

for a quick recovery in world trade have improved as merchandise trade expanded more rapidly than expected in the second half of last year. The volume of world merchandise trade is expected to increase by 8.0 per cent in 2021 after having fallen 5.3 per cent in 2020. As per information earlier available from the WTO global trade in services in the second quarter of 2020 plunged by a record 30 per cent year-on-year. This contraction in services trade is the steepest since the financial crisis, when global commercial services trade plummeted by 17 per cent in the second quarter of 2009.

6. See UNCTAD website.
7. G20 Leaders "Declaration of the Summit on Financial Markets and the World Economy", Washington, 15 November 2008.
8. See UNCTAD website.
9. G20 Trade and Investment Ministerial Statement, March 30, 2020.
10. In March 2020, the Trade and Investment ministers of the G20 agreed that "emergency measures designed to tackle COVID-19, if deemed necessary, must be targeted, proportionate, transparent, and temporary, and that they do not create unnecessary barriers to trade or disruption to global supply chains, and are consistent with WTO rules."
11. More details are on WTO website.
12. See Melitz and Redding. 2015.
13. Refer to Anderson et al. 2018.
14. See Wade (2011); Aiginger and Rodrik. 2020.
15. See Olson. 2020.
16. In 2018, services accounted for an average share of 22.4 per cent of the world's trade in goods and services; this could be compared with a share of 19.6 per cent some eight years earlier, confirming that services were a growing part of world trade.
17. For classification of non-tariff measures, see UNCTAD.
18. See Weiss. 2020.
19. Refer to WTO RTA Database.
20. See Anderson *et al*. 2019.
21. See UNCTAD.
22. See Competition Policy International.
23. International Competition Network Statement on COVID-19.

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Why Food, Agriculture and Nutrition should be at the Top of the Agenda for G20 nations

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(RIS).

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As India takes up leadership of G20 in 2022 it would be most appropriate to bring food, nutrition and agriculture to the centre stage for this elite group. While the world would perhaps be recovering from the ravages of COVID-19 by 2022 it would be very important to bring the attention of the world back to the most essential things of life like food and health and create enabling conditions for their promotion.

Some of the Sustainable Development Goals are intrinsically linked to food, nutrition and agriculture. Zero Hunger (2), Good Health & Well-being (3), Responsible consumption and production (12), Climate action (13) and Life on land (15) are in this list. In the Post-COVID situation these goals assume more importance as the emphasis would shift from GDP driven economic goals to the Well Being driven social goals. Agriculture, Nutrition and Food form the bed rock of the well-being of people across continents. Governments of G20 countries have a responsibility to make the SDGs achievable by 2030. Food, nutrition and agriculture will play a crucial role in that endeavour. Such an important topic deserves to be at the centre of the agenda of G20.

As COVID-19 exposes the fragility of the supply chain of food and agricultural produce around the world the nations are exploring means of being more self-reliant, especially with food. Small holder farmers who dominate agriculture in many of the G20 countries, many of them being women, need to be protected and nurtured for the sustainability of the local food production system. Hence, it is an important topic for the G20 nations to debate and find answers to.

Agriculture has made great progress in many countries in the last 50 years, starting with Green Revolution followed by hybrid technology and biotechnology. Yield increases helped the world to feed the ever growing population. However, tragically hunger still exists in the world. More than 5 million children died last year due to lack of food, clean water

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and health care. About 160 million children of below 5 years age are found to be malnourished in the world. These numbers can go up if immediate action is not taken.

Diffusion of knowledge and technology have not been uniform across the world. Progress has not benefited people in different countries uniformly which has resulted in a fractured social fabric of the world. This is to be addressed urgently by the world leaders by paying specific attention to the following specific subjects.

Equity is a victim of our growth so far. Lack of purchasing power has deprived certain sections of the world community from accessing food while on the other hand there is abundance of food in most of the advanced countries. Inequality based on gender, geography, income and other parameters needs to be addressed. Lack of equity in access to food is a major issue, especially in disaster situations like pandemics when it gets exposed more due to the failure of food supply chain and the natural advantage the rich have in accessing food in such situations. This needs the attention of world leaders.

Food security deals with availability, accessibility and affordability of food for all the citizens of each country. It is imperative that epidemics, pandemics, politics, natural disasters and wars do not disturb the food security of any nation. Sufficient safeguards are to be put in place to ensure that affordable food is made available to the poorest of the poor in every country irrespective of other obstacles.

Nutritional security of the citizens of the world assumes significance now because the food choices of the people will be increasingly dictated by the need for healthy diet that gives them immunity to diseases. The realization that consuming the right food will avoid expenditure on medicines and hospitals makes people look for affordable healthy food. Shifting people to plant-based nutrition is a key task in front of the world. Sustainable dietary habits of people lead to sustainable food production systems which in turn promotes environmental sustainability and nutritional sustainability.

Small holder farmers and their welfare needs to be at the top of the priority list for governments around the world. Unprofitable agriculture, in many parts of the world, has left the farmers poor and vulnerable to several risks. In most of the developing countries more than 80 per cent of the farmers are small and resource poor and many of them are women. They lack access to high quality inputs, finance, technical advice and access to markets. They are unable to practice sustainable and good agricultural practices. Distress among farmers leading to increased suicide rate is a big challenge for the world. Can agriculture survive if farmers die? If youth does not have interest in agriculture how will the future of agriculture look? Leaders have to look at this serious problem that cuts across most of the world and G20 countries. They have to find answers that can improve the financial wherewithal of the farmers and increase their risk bearing capacity.

Depletion of natural resources has become a very serious issue in most of the countries. Soil, water and biodiversity have depleted due to continuous and intensive agriculture followed in the last 50 years. Our food production systems in each country have to be measured against a natural resource use efficiency index. Diffusion of technology across the nations to help them in improving their natural resource use efficiency index has to be given priority as a humanitarian effort to conserve environment. The leaders have to take policy decisions to promote this collaborative approach.

Climate Change is the biggest threat to global agriculture whose impact is increasing year after year. Droughts, floods are increasing in intensity. Potential yields could drop and food availability could be severely restricted by 2050 due to climate change unless we start responding now. Sustainable agricultural practices and cultivation of climate resilient crops may help us in fighting this but how to make it a part of our life and how to handle possible immediate yield losses? Is it possible to have a collaborative policy across nations which helps the total global population? This needs the attention of the world leaders to find a collaborative effort.

Science & Technology is the way forward to find solutions to our problems in food and agriculture space as it is with the other fields. Scientific discovery and technological advancement have become islands of excellence in the world, thereby increasing the inequality in the world. Inadequate research infrastructure, lack of harmonization among regulatory regimes of different countries, lack of uniform intellectual property regime and inadequate access to funding in some parts of the world have made the development and adoption of technology unequal. Not having predictable commercial models for sharing of technological innovations among countries has not helped. Biotechnology can help in fighting biotic and abiotic stress in agriculture. Digital technologies can help in creating market linkages, transferring knowledge to farmers and supporting financial systems. Precision agriculture and micro irrigation can make a huge difference to the way we manage use of natural resources in agriculture. It is important for the world leaders to take this agenda forward and find regulatory and commercial structures that will make technological tools available for the benefit of food and agriculture field uniformly across the world.

Seeds and planting material need special mention among all agricultural inputs not just because this is the most important input carrying genetic potential that can benefit humanity but also because they become controversial in different parts of the world. It is vitally important that farmers use high quality seed every time they plant a crop. Unfortunately public institutions have run out of steam in funding crop development research and private industry takes interest in seeds where their commercial interests lie. This leaves large OP variety crops without adequate research funding leading to low genetic gain. Some of them are staple food crops like wheat, rice, millets, root crops and nutritious crops like vegetables, oilseeds and lentils, and forage crops for the livestock.

World leaders have to find a way of funding research in improving such crops and to make them resilient to climate change. Modern tools like genomics, gene editing in addition to traditional plant breeding have to be dovetailed to support these crops. Cropping systems in different countries have to be optimized by making seed the carrier of all the good things needed in our food. Seed systems have to be professionalized and augmented in the poorer nations who are struggling to reach the levels of stable food production and security that others have reached. This needs a major discussion among the world leaders so that institutional infrastructure is put in place towards this end.

There are several other subjects like biodiversity, international movement of germplasm and intellectual property management in agriculture which need special attention of the world leaders. These subjects have to be sorted out in such a way to facilitate smooth and seamless use of these resources for the common good while simultaneously protecting the biodiversity and proprietorship of biological resources of the communities.

Financial systems, consisting of credit and insurance products and services, have to be made available to farmers so that their risks are covered and their financial wherewithal is built over a period of time. Using modern digital technologies the financial institutions should be able to offer these services in a seamless manner to the farmers as they offer to their urban counterparts. Digital land records, collateral management, digital market linkages for the produce and similar infrastructure is essential for the success of this effort.

Farmers incomes have to be strengthened through diversification. **Livestock, dairy, fisheries,** b**irds** and other sources of non-farm income for the farmers are to be built on a strong platform with funding, insurance, technical advice, linkage to markets and digital support systems. This will reduce vulnerability of farmers' lives due to crop failure for reasons like abiotic and biotic stresses. A robust structure of farmers cooperatives and farmer producer organizations is to be built covering the farm and non-farm activities of the farmers in a comprehensive way.

India has a huge role to play in bringing all these aspects of food, nutrition and agriculture to the centre stage during its tenure of leadership of G20. India is a major contributor to the pool of agricultural land, number of small holder farmers, crop diversity, agro-climatic conditions and food systems of the world. India can benefit from bringing all the above aspects into a seamless stream of knowledge and experience sharing across countries but at the same time India can also contribute towards making this work for many other developing countries. India should take lead in getting some of the policy level decisions on the above aspects hammered out among G20 countries during its tenure.

The G20 leaders have to show unflinching commitment to achieving the Sustainable Development Goals by 2030, especially those impacting food, nutrition and agriculture - which kept the world going during COVID-19 pandemic. They have to build a more equitable world in the post-COVID situation.

Time for Reviving Multilateral Trading System

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Bipin Menon*

It is important for the B20 to take a three pronged approach of inclusiveness, action orientation and differentiation. The recent epidemic that has decelerated growth has shaken all of us out of our comfort zones and forced us to re-strategise and think out of the box. It has dealt the world an economic shock, the likes of which is unprecedented even when one looks back at the oil crisis of the 1970s or the financial crisis of 2008. While, it has stressed on the inevitability of global cooperation, it has taught the key lesson of the need for reliability and resilience of supply chains. We must therefore explore the unshackling of our existing value chains and look forward to new and innovative ways of cooperation.

The situation could also lead to an increasing focus on revitalizing domestic production. However, this would surely not be at the cost of reliable and dependable trading partners, thereby preserving the importance of global trade and commerce. In case of India, we have embarked upon the policy of *Atmanirbhar* which seeks to make India economically stronger with enhanced capacities thereby making a meaningful contribution to its citizens and the world. This was manifested during the COVID-19 period when we ramped up our daily production of PPE kits to over half million from virtually nil earlier. We are self-sufficient in testing kits, masks, ventilators, etc. We also ensured equitable and transparent supplies of critical medicines like hydrocholorquine and paracetamol as well as medical textiles. These measures reinforced our credibility as a reliable, trustworthy and empathetic partner working for the common good.

Multilateralism has been the bedrock of India's trade policy and we attach great importance to a well-functioning and efficient multilateral trading regime enshrined in the WTO. In order to ensure the efficacy of the system, we must always keep in perspective two key elements - the mutual benefit from the system, as perceived by its members and mutual trust. Further, the members will have a higher stake in the multilateral trading system if they have a strong sense of effective participation in its decision-

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making process. Further, we must be cognizant of the fact that the historical legacy of the multilateral system has bestowed upon us an existing asymmetry and imbalance in favour of some.

The need for reforming the WTO cannot be overstated wherein the process must be transparent and inclusive. It must preserve the key elements and cardinal principles of the WTO and keep the concerns of the developing countries, at the heart of the reform process. It needs to follow some of the key tenets, such as equity, non-discrimination, decision making by consensus, two-stage dispute resolution mechanism and less than full reciprocity in trade negotiations. India is committed to engaging constructively in a process which will result in reforming the WTO so that the system responds positively to the needs and aspirations of the developing countries. India would like to thank Saudi Arabia for its able leadership in finalizing the Riyadh Initiative on the Future of the WTO which is a step in this direction.

However, the agenda of the B20 trade and investment taskforce has some references to certain plurilateral agreements under discussion amongst some WTO members such as on investment facilitation, e-commerce and domestic regulation on services. It is important to understand that many key Members of the WTO including India are not part of these plurilateral agreements. Moreover, we are of the view that they could adversely impact the inclusivity of the multilateral negotiating process. There are multilateral forums in some of these areas like the work programme on e-commerce and the working party on domestic regulation (WPDR) on services, but there is reluctance by some countries to work under this forum. Hence, the B20 must exercise caution and keep in perspective the background while discussing these issues.

India has ushered in bold and transformational reforms in the areas of agriculture, mining, defence, space technology, logistics, financial & other sectors. There is an unwavering commitment to facilitate investment, foster innovation, increase trade, enhance skill development, built a state-of-the-art manufacturing infrastructure and protect intellectual property in line with our international commitments with a view to transform India into a global design and manufacturing hub. The specifics of these are the One Nation, One Tax vision through GST, Insolvency and Bankruptcy Code to facilitate the smooth closure of inoperative/defunct enterprises, Make in India, Startup India, 'Fund of Funds for Startups' (FFS), Digital India programme, relaxation of sectoral caps and establishment of single window clearance systems to ensure fast-tracking approval processes in FDI, reduction of corporate tax etc.

The recent reforms of unshackling the agriculture sector for farmers to realise fair value for their produce thereby creating a One India, One Agriculture Market as well as labour reforms for development of business and industry in the country and generating employment opportunities without diluting basic aspects of safety, security and health of workers are the steps in the right direction.

B-20 deliberations provide the right platform for business leaders to look at creative thinking and exploration of opportunities for enhancement of trade and investment. We must be cognizant that current economic stress is a litmus test for all of us and we need to collaborate and cooperate to emerge stronger.

IMPORTANT NEWS

Global Climate Finance Agenda will Remain a Key Issue

G20 has played a central role in escalating the actions required to fulfill the SDGs and the Paris Agreement targets as the need for infrastructure investment in Asia and Pacific is estimated at $26.2 trillion, including climate change measures. In this context, G20 countries launched the Green Growth Action Alliance in 2012 and initiated the Green Finance Study Group in 2016 to mobilize green finances. The forum also established the Climate Sustainability Working Group during 2018 to focus on climate finance. Additionally, Italian presidency is focusing on developing resilient models for sustainable recovery from COVID-19 pandemic and use global financial flows towards achieving the Paris targets. Italian Presidency is also renewing the G20 Sustainable Finance Study Group after a two-year suspension. The group will be co-chaired by the People's Bank of China and the US Treasury.

Source: "Global Climate Finance Agenda: Can the G20 pave the way?" Financial Express, 19th January 2021, available at <https://www.financialexpress.com/opinion/global-climate-finance-agenda-can-the-g20-pave-the-way/2173546/>

"China, US to Co-Chair G20 Sustainable Finance Study Group" Regulation Asia, 3rd March, 2021, available at < https://www.regulationasia.com/china-us-to-co-chair-g20-sustainable-finance-study-group/>

First G20 Finance Ministers Meeting under Italian Presidency: India's FM Attended Virtually

India's Finance Minister, Ms. Nirmala Sitharaman, participated in the first G20 Finance Ministers and Central Bank Governors meeting conducted virtually by the Italian presidency. The meeting included discussion on policy actions for transformative and equitable recovery, global economic outlook, financial sector issues, financial inclusion and sustainable finance. India's FM spoke about India's policy response to the pandemic and how the policies such as credit guarantees, direct transfers, food guarantees, economic stimulus packages and accelerating structural reform focussed on supporting the citizens. She also urged all G20 members to ensure equitable access to vaccine and shared the status of India's vaccination programme. She also emphasized on transfer of green technologies and scaling up of climate finance.

Source: "FM Nirmala Sitharaman attends G20 Central Bank Governors' Meet", The Economic Times, 27th February, 2021, available at https://economictimes.indiatimes.com/news/economy/policy/fm-nirmala-sitharaman-attends-g20-central-bank-governors meet/articleshow/81241845.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Italian Presidency aims at Transformative Infrastructure Agenda for Economic Recovery

The Third G20 Infrastructure Working Group meeting under the Italian Presidency outlined some of the key deliverables on digital infrastructure including fostering high-quality broadband connectivity. The Italian Presidency has proposed 'transformative infrastructure agenda' based upon 3P priority framework. The G20 members and OECD discussed the importance of extending high-quality connectivity and identifying policies to strengthen network resilience and eliminate connectivity divides. It was also proposed to progress on sustainable infrastructure, by organizing the G20 Infrastructure Investors Dialogue, in collaboration with the OECD and the D20 Long-Term Investors Club. The working group meeting was paired with workshops organized by the International Affairs Institute (IAI) and Bruegel. The workshops stressed upon the relevance of local governments and adopting a bottom-up approach.

Source: "G20 economic recovery lays on a transformative infrastructure agenda" Mirage News (online), 4th February, 2021, available at https://www.miragenews.com/g20-economic-recovery-lays-on-a-transformative-509906/

"The 3rd G20 Infrastructure Working Group meeting focused on local, digital and green infrastructure", g20.org Media, 23rd March, 2021, available at https://www.g20.org/the-3rd-g20-infrastructure-working-group-meeting-focused-on-local-digital-and-green-infrastructure.html

Italy Push for Reduction of Remittance Costs at Global Level

In low- and middle-income countries remittances may account for 10 per cent of GDP while the average global cost of remittances is still as high as 6.5 per cent. The UN Agenda of 2030 aims at reducing the transaction costs of migrants' remittances to below 3 per cent by 2030. In this regard, Italian G20 Presidency, the Bank of Italy and the Ministry of Economy and Finance, with the support of the Ministry of Foreign Affairs and International Cooperation have initiated a dialogue among different stakeholders from market and trade associations and revived Intergovernmental Table on Remittances.

In the last week of February, the Table observed its first meeting and contributed to identify public and private measures and devise strategies for conveying remittance flows through formal financial services. These measures should have low costs and include specific financial services as per the migrants' needs.

Source: "Intergovernmental Table on Remittances: Italy's G20 Commitment to Financial Inclusion at Global Level", g20.org Media, 19th March, 2021, available at https://www.g20.org/intergovernmental-table-on-remittances-italys-g20-commitment-to-financial-inclusion-at-global-level-as-a-means-to-enhance-welfare-and-pursue-sustainable-and-inclusive-growth.html

G20 EMPOWER Brings Private and Government Together to Advocate Women's Leadership

The G20 Alliance for the Empowerment and Progression of Women's Economic Representation (G20 EMPOWER) was launched in G20 Japan Summit and established during Saudi Presidency. With the support of Italian Department for Equal Opportunities and of the G20 Empower membership, Italian G20 EMPOWER Presidency has launched its plan of work to further progress women empowerment across the three cross-cutting themes of 3P. The Chair of G20 EMPOWER highlighted that "Alliance provides network of "advocates" within the private sector, with the aim of identifying challenges and sharing evidence-based analysis, practical lessons learned, knowledge and best practices that support the greater recruitment and advancement of women as business leaders".

Source: "G20 EMPOWER: advancing women's leadership in Private Sector", *Mirage News (online)*, 2nd February, 2021, available at < https://www.miragenews.com/g20-empower-advancing-womens-leadership-in-508647/>

Strong Push for Linking Climate Issues to Economic Recovery is Unfair for Developing Countries

The US and EU have been championing the idea of linking climate issues with economic recovery in the wake of the COVID-19 pandemic at the forthcoming G20 meetings. India feels that this is not the appropriate time to unduly push the climate agenda. The push for 'green recovery' would delay the process of recovery according to Amb. (Mr). P. Harish, Additional Secretary, Ministry of External Affairs, Government of India speaking at a seminar organized by RIS on priorities for growth and stability in the post-COVID world, which the G20 Framework Working Group could adopt. He was concerned about the stringent conditionalities and felt that "there was no need to set a new goal post outside the Paris framework. Paris goals have already been agreed upon multilaterally". In the same Meeting, Dr. Sanjeev Sanyal, Principal Economic Advisor, Ministry of Finance, Government of India added that the pandemic had made the developing countries more vulnerable and attempt to push recovery with conditions was 'unnecessary and risk a Green Colonialism'.

Source: Bhattacharjee, Subhomoy (2021), "India hits out at US on linking Climate issues to recovery", Business Standard, 11 April, 2021, available at < https://epaper.business-standard.com/bs_new/index.php?rt=ecommunication/articleview&artview=eMjAyMTA0MArTJBXzAwNjEwNTAwMg== >

T20 Task Force on Impact of Remote Working on Mental Health

Due to COVID-19, there has been a stark change in the working habits across the globe. T20 Italy Task Force-6 on Social Cohesion and Welfare System presented the study findings with an aim to promote balanced remote working, productivity and well-being. The estimates are based on the US Study that remote working has had 12 per cent positive effect, 50 per cent negative effect and 13 per cent very negative effect on mental health.

Source: T20 Italy Official twitter handle, Twitter, available on < https://t.co/lDWXJmoMUl

Second G20 Finance and Central Bank virtual Meeting Outcome

During the second Finance and Central Bank meeting on 7 April, 2021, G20 continued its support and recognised the importance of climate, digitalization, infrastructure, tax and financial support to developing countries. On digitalization, the G20 is preparing a new "Menu of Policy Options" with the special focus on "productivity-enhancing digital transformation". In addition to FSB existing mandate on Climate Change, G20 confirms the "re-establishment" and upgrading of the G20 Sustainable Finance Study Group to Working Group. In support to quality infrastructure, G20 finance acknowledged the launch of "G20 policy Agenda on infrastructure resilience and maintenance" and further extended the current suspension of debt interest payments for developing countries until end of 2021 as part of DSSI. Also, the Finance ministers of G20 are exploring a global minimum tax on corporate profits.

Source: "Outcome of the Second G20 Finance Meeting", TUAC News, 13 April, 2021, available at < https://tuac.org/news/outcome-of-the-second-g20-finance-meeting/>

"G20 takes step towards global minimum corporate tax rate", The Guardian, 7 April, 2021, available at < https://www.theguardian.com/business/2021/apr/07/g20-global-minimum-corporate-tax-rate-finance-ministers-us-avoidance>

G20 Africa Advisory Group Meeting under the Italian G20 Presidency

The Group, created under the German G20 Presidency in 2017, is responsible for steering policy actions under the G20 "Compact with Africa" (CwA) framework. The Group held its first 2021 meeting under the Italian G20 Finance Track to monitor progress made by Compact with Africa framework and proposing new policy recommendations based on the Compact Monitoring Report. The COVID-19 Pandemic has been disproportionally harsher in developing countries, thus, it is important for G20 Finance Track to play a pivotal role in linking recovery efforts with long term strategies for more inclusive, sustainable and digital societies. The meeting offered to discuss the effectiveness of the crisis response measures to mitigate the impact of the COVID-19 to low income countries and the role of African private sector in financing for development.

Source: "First G20 Africa Advisory Group meeting under the Italian G20 Presidency", G20 Italia 2021, 15 April, 2021, available at < https://www.g20.org/first-g20-africa-advisory-group-meeting-under-the-italian-g20-presidency.html#:~:text=On%20Thursday%2015%20April%20 2021,Africa%E2%80%9D%20(CwA)%20framework.>

About G20 Digest

G20 has emerged as an important global forum over the years, and G20 Leaders' Summits are watched worldwide with interest and suspicion. Successive presidencies of G20 have encapsulated a vast array of issues beyond the financial sector; each having potential impact on trade & investment, global governance and social sector. Each presidency has contributed to the summit process by adding new issues along with the routine ones resulting in a wider and diverse G20 Agenda. In view of the diversity of issues and complex challenges the world is grappling with, the expectations from G20 has multiplied. It is imperative to comprehend and assess the rise of G20, and its role and function in shaping the future global order. In order to motivate and stimulate fresh ideas on G20 and its implications for global economy, RIS brings out the quarterly journal, G20 Digest, as a platform to compare, contrast and create new knowledge that matter for the people in the G20 countries and in the world, including the developing and less developed countries.

Guidelines for Submissions

- *G20 Digest* is a peer-reviewed journal dedicated to the issues and subject matters relating to G20 and its broader linkages to global governance, functioning of multilateral institutions, role of emerging markets, and larger development interests of the people.
- Scholarly articles on various topics of interest to G20 are invited from academics, policy makers, diplomats, practitioners and students. The articles may cover the whole range of issues including role and effectiveness of G20, functioning of G20, coverage of sectors, G20 and global governance, G20 and global financial stability, and similar topics.
- Original manuscripts not exceeding 5000 words prepared in MS Word using double space with a 100 word abstract and three key words may be sent to pdash@ris.org.in.
- The submitted articles must follow APA referencing style.
- All numbers below 10 should be spelt out in words such as 'five' 'eight', etc.
- Percentage should be marked as 'per cent', not '%'.
- For numeric expressions, use international units such as 'thousands', 'millions', 'billions', not 'lakh' and 'crore'.
- For time periods, use the format '2000-2008', not '2000-08'.
- Mere submission of an article does not guarantee its publication in the journal.

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